

# EXECUTIVE SUMMARY

## Final Report of the Task Force on Nonprofit, Faith-based, and Other Nonprofit Organizations

September 2002

The Task Force on Nonprofit, Faith-based, and Other Nonprofit Organizations was created by the passage of Amended Substitute House Bill 175 to:

“(1) Recommend the best means to provide state and federal funds to nonprofit, faith-based and other nonprofit organizations so that they may provide public services in a manner that complies with both the United States Constitution and the Ohio Constitution.

(2) Recommend the best means to remove any barriers that may exist to nonprofit, faith-based and other nonprofit organizations cooperating with public agencies in assisting those who receive public services.”

The sponsors felt increased involvement of the nonprofit and faith-based organizations is not a substitute for necessary public funding of services to needy individuals, families and communities. They believe that public expenditures without the involvement of these groups limit the effectiveness of government investments. The cost effectiveness of public expenditures can be improved when government is focused on results and public-private partnerships are used to leverage the talent, commitment and resources of nonprofit and faith-based organizations.

The Task Force found support for expanded involvement of faith-based and nonprofit organizations in the delivery of needed human services. In state fiscal year 2001, over \$800 million worth of services were contracted through faith-based and nonprofit organizations. There are no significant legal barriers to public agency contracts with faith-based and non-profit organizations. Federal officials are creating a more supportive environment for public/private partnerships.

Challenges, however, remain. Many faith-based and nonprofit organizations lack access to information about the availability of public funding. Since local government is responsible for most of the procurements, there is a need to facilitate better communication to community-based organizations at the local level. Many faith-based and nonprofit organizations lack the administrative capacity to effectively partner with public agencies. Many

***“Public and private agencies generally share the view that changes need to be made in the way public agencies solicit, fund, and administer grants, including provisions of more information about grant opportunities, funding for start-up and administration costs.” – ILLGARD Report***

public agencies are not aware of the resources that faith-based and nonprofit organizations can bring to improve the effectiveness of local service delivery. Complex public accounting, auditing, eligibility, financial reporting, and program reporting overwhelm the administrative capacity of community-based organizations. Fear and distrust between some faith-based organizations and public agencies stifles effective partnerships. There is a lack of understanding about “Charitable Choice.” State leadership is needed to facilitate better partnerships between government and faith-based and nonprofit organizations.

The final recommendations address three issues:

- Improve faith-based and nonprofit agency access to information and funding.
- Build better faith-based and nonprofit agency partnerships with public agencies.
- Simplify reporting and accountability and improve results.

To facilitate the improved access to information and funding, the Task Force recommends the Establishment of a Governor’s Office for Faith-Based and Nonprofit Organizations. It would seek guidance from an appointed Faith-Based and Nonprofit Advisory Group. An Implementation Committee comprised of representatives from each state department would coordinate initiatives through state government. The Office would operate as a clearinghouse of information and provide leadership for state efforts to develop state and local partnerships with faith-based and nonprofit organizations. Specifically the Office would:

- Facilitate local coordination and capacity building.
- Seek funding for pilot projects and start-up costs.
- Advocate for multi-year funding.
- Provide technical assistance.
- Pursue funding for operating assistance.

To increase the effectiveness of human services in Ohio, it is necessary to increase public/private partnerships with faith-based and nonprofit community organizations. These partnerships will expand service delivery, improve access, and assure advocacy for needy families and individuals. Specific recommendations include:

- Fund demonstration grants, incentives, and pilot projects for local collaboratives.
- Fund proposals from collaborations of faith-based and nonprofit organizations.
- Seek funding for collaborations from corporate, federal, and foundations.
- Seek federal funding for expanded volunteer efforts.
- Address the “fear and distrust” issues.
- Seek “Charitable Choice” legislation for Ohio.
- Create local councils of faith-based and nonprofit service providers.
- Require representation of faith-based and nonprofit organizations on existing local advisory councils.
- Monitor progress in state and local partnerships.

To fairly measure the success of publicly funded services, public agency reporting systems need to be streamlined and simplified. Smaller faith-based and nonprofit organizations are disadvantaged by confusing, complex, and redundant accountability and reporting systems. To simplify the process and focus on results the Task Force Recommends the following:

- Develop accountability systems at the state level that express priorities more clearly and focus on results.
- Simplify the fiscal accountability systems
- Simplify the program accountability systems
- Assess the state and local efforts to work with faith-based and nonprofit agencies.
- Implement a “single audit” concept.